

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

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ALTERNATIVE PETROLEUM
TECHNOLOGIES HOLDINGS CORP, et
al.,

Case No. 3:20-cv-00040-MMD-CLB

v.

Plaintiffs,

PATRICK GRIMES,

ORDER

Defendant.

I. SUMMARY

Plaintiffs Alternative Petroleum Technologies Holdings Corp. and Alternative Petroleum Technologies, Inc. sued their corporate predecessor's former employee Defendant Patrick Grimes under 35 U.S.C. § 256, seeking to remove his name from patents of which they claim to now be the assignee and exclusive licensee, respectively, arguing Defendant did not actually contribute to the inventions claimed by those patents. (ECF No. 1.) Before the Court are four motions: (1) Defendant's (second) motion for summary judgment (ECF No. 36 ("Motion"));¹ (2) Plaintiffs' motion for partial summary judgment as to ownership (ECF No. 37);² (3) Plaintiffs' motion for summary judgment as

¹Plaintiffs filed a response (ECF No. 42), and Defendant filed a reply (ECF No. 44).

²Defendant filed a response (ECF No. 40), and Plaintiffs filed a reply (ECF No. 45). As Defendant points out in response (ECF No. 40 at 2), LR 7-3(a) provides: Motions for summary judgment and responses to motions for summary judgment are limited to 30 pages, excluding exhibits. Replies in support of a motion for summary judgment are limited to 20 pages. Parties must not circumvent this rule by filing multiple motions.

Id. Plaintiffs violated this rule by filing two motions for summary judgment that exceeded the page limit when combined. However, the Court will not sanction Plaintiffs for violating this rule at this time because it will deny Plaintiffs' pending motions as moot.

1 to inventorship (ECF No. 38);³ and (4) Plaintiffs' motion to strike some of the evidence
 2 Defendant filed with his responses to Plaintiffs' motions for summary judgment (ECF No.
 3 43).⁴ Because Plaintiffs effectively conceded that they lacked statutory standing at the
 4 time they filed this lawsuit in response to one of Defendant's arguments in his Motion,
 5 and as further explained below, the Court will grant Defendant's Motion in pertinent part,
 6 deny the other pending motions as moot, and dismiss this case without prejudice to
 7 refiling if Plaintiffs can first establish statutorily-sufficient interests in the patents-in-suit
 8 under applicable law.

9 **II. BACKGROUND**

10 The Court incorporates by reference the background regarding Plaintiffs'
 11 allegations it provided in its prior order denying Defendant's prior motion for summary
 12 judgment. (ECF No. 31 ("Prior Order") at 1-3.) In his prior summary judgment motion,
 13 Defendant argued that Plaintiffs lacked standing to prosecute this case because they
 14 had not suffered damages. (*Id.* at 2-3, 4.) That was Defendant's only argument in that
 15 motion. (*Id.*) The Court denied Defendant's prior summary judgment motion because it
 16 found that one argument unpersuasive and unsupported by applicable law. (*Id.* at 4-6.)
 17 The Court also incorporates by reference the summary judgment legal standard it recited
 18 in the Prior Order, as that same standard governs its review of Defendant's Motion. (*Id.*
 19 at 3-4.)

20 **IV. DISCUSSION**

21 Among other arguments, Defendant argues in his Motion that Plaintiffs lacked
 22 standing at the time they filed this case because they did not own the patents-in-suit at
 23 that time by pointing out certain issues with the chain of title that purportedly gives
 24 Plaintiffs their interests in those patents. (ECF No. 36 at 17-21.) Plaintiffs respond to this

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 26 ³Defendant filed a response (ECF No. 41), and Plaintiffs filed a reply (ECF No.
 27 45).
 28 ⁴Defendant filed a response (ECF No. 48), and Plaintiffs filed a reply (ECF No.
 49).

1 argument in the Motion, “due to a mutual mistake in the Assignment assigning the
 2 patents-in-suit to APTH, the chain of title has the appearance of being incomplete.” (ECF
 3 No. 42 at 7-8.) Plaintiffs continue, “Plaintiffs herewith submit the corrected assignment,
 4 that corrects the mutual mistake, and that confirms proper ownership by Plaintiff APTH.”
 5 (*Id.* at 8; see also ECF No. 42-3 (the purported corrected Patent Assignment
 6 Agreement).) Plaintiffs further explain that the agreement they ‘corrected’ in response to
 7 Defendant’s Motion listed an incorrect though similarly named corporate entity that did
 8 not have patent rights to convey. (ECF No. 42 at 8.) Plaintiffs thus concede their chain of
 9 title was invalid until they corrected it by preparing a new agreement in response to the
 10 Motion, which they attach as an exhibit to their response. (*Id.*) Defendant replies in
 11 pertinent part that Plaintiffs lacked standing at the time they filed this case and he is
 12 accordingly entitled to summary judgment. (ECF No. 44 at 16-17.) The Court agrees with
 13 Defendant.

14 As noted above, this case seeks correction of inventorship under 35 U.S.C. § 256
 15 and is not a case involving patent infringement. However, standing requirements still
 16 apply to Section 256 cases like this one. See *Larson v. Correct Craft, Inc.*, 569 F.3d
 17 1319, 1326 (Fed. Cir. 2009) (“[A] plaintiff seeking correction of inventorship under § 256
 18 can pursue that claim in federal court only if the requirements for constitutional
 19 standing—namely injury, causation, and redressability—are satisfied.”). Indeed,
 20 constitutional standing is the threshold question in every case because it determines the
 21 Court’s power to entertain the case. See *id.* at 1325-26. Parties asserting their rights in
 22 issued patents—like Plaintiffs here⁵—must be either the patentee or possess all
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24 ⁵Many Section 256 cases are filed by people who are not listed as inventors on
 25 particular patents seeking to have their names added as inventors to those patents. See,
 26 e.g., *Chou v. Univ. of Chicago*, 254 F.3d 1347 (Fed. Cir. 2001). This case is slightly
 27 different in that the purported owner and exclusive licensee of the patents-in-suit is
 28 seeking to have Defendant’s name removed as a co-inventor of the patents-in-suit.
 Plaintiffs are suing here based on their purported rights to the issued patents. Thus, the
 standing analysis from *Enzo APA & Son* is more applicable here than the standing
 analyses in cases like *Chou* and *Larson*, even though *Chou* and *Larson* are Section 256
 cases, and *Enzo APA & Son* is an infringement case.

1 substantial rights to the patents-in-suit at the time that party files suit. See, e.g., *Enzo*
 2 *APA & Son, Inc. v. Geapag A.G.*, 134 F.3d 1090, 1093 (Fed. Cir. 1998).

3 The Federal Circuit Court of Appeals has recently backed away from
 4 characterizing standing issues stemming from prior assignments or other documents
 5 regarding patent rights as jurisdictional. See *Schwendimann v. Arkwright Advanced*
 6 *Coating, Inc.*, 959 F.3d 1065, 1071-72 (Fed. Cir. 2020). However, one must still have
 7 legal title to a patent or patent application before filing suit. See *id.* at 1072-73. Said
 8 otherwise, establishing sufficient ownership via written instruments is a prerequisite to
 9 filing suit, though one now best characterized as an issue of statutory standing instead of
 10 Article III standing.

11 And unfortunately for Plaintiffs here, *Schwendimann* does not appear to have
 12 abrogated the rule that “*nunc pro tunc* assignments are not sufficient to confer
 13 retroactive standing[.]”⁶ *Enzo APA & Son*, 134 F.3d at 1093. There is sound policy
 14 behind this rule, namely the reasonable principle that “a party may not vindicate rights in
 15 court before the party actually possesses the rights.” *Alps S., LLC v. Ohio Willow Wood*
 16 Co., 787 F.3d 1379, 1384 (Fed. Cir. 2015) (citation omitted); see also *Australian*
 17 *Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 981 F.3d 1083, 1093-94 (Fed. Cir.
 18 2020) (suggesting in the trademark context that *Alps* remains good law even after
 19 *Schwendimann*). Plaintiffs have conceded they lacked statutory standing at the time they
 20 filed suit because they filed an amended assignment in response to Defendants’ Motion
 21 that Plaintiffs themselves argue fixes a material error in the chain of title. (ECF Nos. 42

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23 ⁶Indeed, *Schwendimann* cited the same page of *Enzo APA & Son* as still good
 24 law. See 959 F.3d at 1072 (citing *Enzo APA & Son*, 134 F.3d at 1093). More recently,
 25 the Federal Circuit wrote, “[i]t is not clear, however, that *Lexmark* and *Lone Star* also
 26 require us to alter our precedent holding (as the district court summarized it) that ‘the
 27 touchstone of constitutional standing in a patent infringement case is whether a party
 28 can establish that it has an exclusionary right in a patent that, if violated by another,
 would cause the party holding the exclusionary right to suffer legal injury.’” *In re Cirba*
Inc., Case No. 2021-154, 2021 WL 4302979, at *3 (Fed. Cir. Sept. 22, 2021) (also
 discussing *Schwendimann*); see also generally *id.* (denying petition for writ of
 mandamus) (unreported).

1 at 7-8, 42-3.) Like the plaintiffs in *Enzo* and *Alps*, Plaintiffs' amended assignment
2 agreement prepared in response to Defendants' Motion is insufficient to give them
3 statutory standing for this case. See *Enzo*, 134 F.3d at 1093-94; see also *Alps*, 787 F.3d
4 at 1384-86.

5 Indeed, *Alps* suggests that the Court must dismiss this case, in its entirety,
6 without prejudice. See *Alps*, 787 F.3d at 1386 (remanding "with instructions for the
7 district court to dismiss [the plaintiff's] complaint without prejudice"). Plaintiffs must
8 definitively establish they own or possess all substantial rights to the patents they would
9 like to sue on via valid written instruments before they may file suit, not after, as they
10 attempt here. See *Enzo*, 134 F.3d at 1093-94; see also *Alps*, 787 F.3d at 1384-86.

11 And because the Court will dismiss this case in its entirety, without prejudice, as
12 Plaintiffs lacked statutory standing at the time they filed suit, Defendant's Motion is
13 granted to the extent it makes that argument. It is otherwise denied as moot. The Court
14 denies the other pending motions as moot as well.

15 **V. CONCLUSION**

16 The Court notes that the parties made several arguments and cited to several
17 cases not discussed above. The Court has reviewed these arguments and cases and
18 determines that they do not warrant discussion as they do not affect the outcome of the
19 motions before the Court.

20 It is therefore ordered that Defendant's motion for summary judgment (ECF No.
21 36) is granted in part as specified herein, and otherwise denied as moot.

22 It is further ordered that Plaintiffs' motion for partial summary judgment as to
23 ownership (ECF No. 37) is denied as moot.

24 It is further ordered that Plaintiffs' motion for partial summary judgment as to
25 inventorship (ECF No. 38) is denied as moot.

26 It is further ordered that Plaintiffs' motion to strike (ECF No. 43) is denied as moot.

27 It is further ordered that this case is dismissed in its entirety, without prejudice and
28 as explained herein.

1 The Clerk of Court is directed to enter judgment accordingly and close this case.
2 DATED THIS 25th Day of January 2022.

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6 MIRANDA M. DU
7 CHIEF UNITED STATES DISTRICT JUDGE
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